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C O N F I D E N T I A L    WARSAW 002887

SIPDIS

EUR FOR A/S FRIED; NSC FOR DAMON WILSON

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TAGS: [PREL](#) [MARR](#) [PGOV](#) [ECON](#) [PL](#)

SUBJECT: EUR ASSISTANT SECRETARY FRIED LUNCH WITH LAW AND  
JUSTICE LEADER LECH KACZYNSKI

Classified By: CDA, A.I., MARY T. CURTIN, FOR REASONS 1.5 (B) AND (D)

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SUMMARY  
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1. (C) EUR A/S Dan Fried met July 11 for lunch with center-right Law and Justice (PiS) leader and presidential candidate, Lech Kaczynski. They reviewed the bidding in the upcoming parliamentary and presidential elections, with Kaczynski saying differences between PiS and expected coalition partner Civic Platform were mostly over economics, with Civic Platform the more economically liberal by far. Fried and Kaczynski spoke at length about the situation in Ukraine, which Fried had just visited, with Kaczynski expressing concern that we not push Ukraine to move too rapidly on reform. Kaczynski assured Fried of his support for Poland's presence in Iraq, but expressed hope for support in military modernization. Fried urged Kaczynski and his associates to attend a briefing on Iraq when Iraq coordinator Ambassador Richard Jones and Deputy Commander of CENTCOM General Smith visit Warsaw later this month. End summary.

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DOMESTIC POLITICAL SCENE  
AND PRIORITIES  
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2. (C) Fried, who was accompanied by Ambassador, NSC Director for Central, Eastern and Northern Europe Damon Wilson, and PolCouns, met for lunch July 11 with Kaczynski, who was accompanied by Pawel Kowal, the director of his press office. Reviewing the upcoming parliamentary elections, Kaczynski said it was impossible to tell whether his party or rival and likely partner, the centrist Civic Platform (PO), would receive the highest number of votes and thus lead a presumed coalition government. The presidential race was complicated by the entry of Sejm Marshal Wlodzimierz Cimoszewicz as the Democratic Left Alliance (SLD) candidate. Kaczynski said the presidential elections are very important for any reform, since the president can promote or block change. The role of the president is not, he said, as powerful as in the U.S., but the presidency carried a lot of influence, and a president like Cimoszewicz, who represents the past, could block changes sought by a center-right government.

3. (C) Kaczynski said PO and PiS differed mainly on economic policy. PiS, he said, is less economically liberal than PO, although not "statist," as many charged. He said he believes in the importance of a balance among various social groups, and sees the growth of economic and social differences in post-1989 Poland as a problem. Pensioners, for example, do not receive very much, and there should be no decrease in their benefits. PiS does not agree with PO's flat tax proposals, believing a flat tax would not help the problem of corruption or increase investment. Taxes, he argued, are already relatively low. PiS is also concerned with the problem of the "prestige of the state," and cutting spending on everything will not help build this prestige. He concluded by saying that no matter which party came out of the elections ahead, the differences between them were minor compared with their shared differences with the "old power." (Comment: Kaczynski remains attracted to statist solutions, although less stridently than 10-15 years ago. Kaczynski did acknowledge to Fried that the architect of Poland's initial, fast-track economic reforms Leszek Balcerowicz "had achieved something and had a certain logic", a statement which is for Kaczynski a significant shift from his earlier views. End Comment.)

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PiS-PO SHARED VIEWS  
ON FOREIGN POLICY  
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4. (C) Kaczynski continued that there were no major PO-PiS differences on foreign policy, and that a PiS-PO government would be "pro-American." There would be continuity in issues such as policy toward Ukraine and Russia. Poland did not want confrontation with Russia, but rather wanted to make Russia understand that Ukraine is not part of its "sphere of

influence." Poland needed to cooperate economically with Russia, and wanted to have good relations, provided there are the "right conditions." Kaczynski said he did not want to see Russia destroyed, he just does not want to see the return of its empire, which Russia, he said, still sees Poland as properly part of. It was painful to lose Poland, but the loss of Ukraine is "twenty times bigger."

15. (C) Kaczynski asked Fried for a read-out on the situation

in Kiev, which he had just visited. Fried described his concerns about the pace of reform, and compared Ukraine's situation to that of Poland in 1990-1992, when post-communist reforms seemed so difficult. He said Ukraine can benefit from the experience of other countries that had undergone such a transition, and that Prime Minister Juliya Tymoshenko is a good politician, which would be a big help as the government had to sell its reforms. Fried said that the Ukrainians need to be the initiators of their reform, and need to open their borders and move beyond the oligarchic system.

16. (C) When Fried lamented that Ukraine does not have the kind of economic reformers Poland did in the early 1990's, Kaczynski (who opposed some of Poland's more far-reaching free market reforms at the time), warned against radical change. "It was difficult in Poland, in Ukraine it could be lethal." Along with the difficult economic situation, there are 12 million Russians in Ukraine, which could weaken Yushchenko and strengthen Russia's position. Fried told Kaczynski that Tymoshenko had similar views, and wants high spending on the poor. This is fine in the short term, but what Ukraine needs is economic growth. Kaczynski argued that the concept of a pro-Western independent Ukraine is still internally contested, and so the government must proceed carefully so that as not to lose political support that was gained in last year's elections.

17. (C) Kaczynski said that he was prepared to be Ukraine's "advocate" in Europe. Poland has an interest in Ukraine's turn to the west, he said, but some in the EU think it is too big to absorb. Fried said that the U.S. also wants to see a strong, independent Ukraine as part of Europe. It is part of a wave of countries turning toward democracy, and we have a strategic interest in encouraging it. Fried said he appreciated Kaczynski's thinking on Ukraine, and that we are looking for real partnership with Poland, and see it as a leader in Europe. Kaczynski expressed concern about the anti-Americanism of some European leaders, such as French President Jacques Chirac, adding that he did not support the idea of the EU as a "super state."

18. (C) On Iraq, Kaczynski said he supported Poland's participation in Iraq, and not just as a way of "making money." He said he favored continued participation in Iraq, but wanted it tied to the modernization of Poland's army. Without giving specifics, he said his party was "planning changes" in the approach to military modernization, so that the armed forces are "ready," although "not to invade Moscow." Poland would want assistance from the U.S. in achieving this. Fried described recent positive developments in Iraq, and informed Kaczynski of the upcoming visit to Poland of Iraq Coordinator Amb. Richard Jones and CENTCOM Deputy Commander General Smith. He urged Kaczynski to attend a briefing by them.

19. (C) Fried concluded by assuring Kaczynski that we looked forward to close cooperation with the next Polish government, and that we need Poland to be a strong partner to the U.S. He urged Kaczynski to think of Polish-U.S. relations in those terms, and not just in terms of U.S. assistance for Poland, as had been the case in the first 10-15 years after the end of communism.

110. (C) A/S Fried has cleared the text of this cable.  
CURTIN